



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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ALAN T. SASAKI
AUDITOR-CONTROLLER

February 1, 2000

TO: Lloyd W. Pellman
County Counsel

FROM: Alan Sasaki
Auditor-Controller

SUBJECT: **PEDUS BUILDING SERVICES CUSTODIAL CONTRACT**

At its October 19, 1999 meeting, the Board instructed the Auditor-Controller in conjunction with County Counsel to conduct an audit of all County custodial service contracts to verify that the contractors are complying with all relevant State and federal labor and employment laws, as well as terms of each County contract.

We have completed our review of Pedus Building Services (Pedus) that provides custodial services to some Department of Health Services and Department of the Coroner facilities. Our review included interviewing County and Pedus employees and management, testing Pedus timekeeping and payroll records, and touring County sites maintained by Pedus.

Background

Pedus provides custodial services at several Department of Health Services' facilities at an annual cost of approximately \$7.9 million and at the Department of the Coroner facility at an annual cost of approximately \$180,000. We interviewed 40 Pedus custodial workers assigned to UCLA/Harbor Medical Center and five custodial workers assigned to the Department of the Coroner facility.

Summary of Findings

We noted no serious violations of federal or State labor and employment laws or County contract requirements. Pedus custodial workers complete timecards that document the time they worked, they are paid more than minimum wage, and the custodial workers we interviewed indicated that they were appropriately paid for all the hours they worked, including overtime. In reviewing payroll documents, we noted that the custodial workers

had payroll taxes deducted from their earnings. Also, Pedus provides medical benefits, vacation, and sick leave to full-time custodial workers.

We observed that Pedus provides the custodial workers with the appropriate cleaning and safety supplies and equipment to effectively perform their jobs. Also, the custodial workers we interviewed stated they receive formal training on using the equipment and cleaning supplies. It should be noted that Pedus custodial workers are union members and have a Memorandum of Understanding with the Hospital Service Workers Union, Local 399.

Conclusion

Our review indicates that Pedus is complying with all relevant State and federal labor and employment laws, as well as terms of the County contract in all material respects. It should be noted that the contracts that Pedus currently has with the Department of Health Services and the Coroner were in place prior to the County adopting the Living Wage Ordinance (LWO). As a result, Pedus is not required to follow the requirements of the LWO at this time.

If you have any questions or would like us to obtain additional information, please call me or have your staff call Pat McMahon at 213-974-0301.

ATS:PTM

c: David E. Janssen
Mark Finucane
Anthony T. Hernandez
Executive Office
Audit Committee